

# FY12 Southwest Economic Development

## Summaries & Staff Recommendations – September 2011

*The Commission received 21 proposals for Southwest Economic Development funds by the announced application date of July 15, 2011 and two late-filed proposals. The Committee has an available balance of \$9,853,064.*

<b>Req #</b>	<b>Organization Name</b>	<b>Project Title</b>	<b>Request Amount</b>	<b>Staff recommendation</b>
2419	Town of Abingdon	Implementation of Abingdon Artisan Center	\$832,210	<b>Table</b>
2412	Birthplace of Country Music Alliance	Final Funding for Completion of Birthplace of Country Music Cultural Heritage Center	\$2,200,000	<b>Table</b>
2371	Bland County Public Service Authority	Bland Wastewater Project	\$2,000,000	<b>0</b>
2391	Bristol Virginia Utilities Authority	BVU Southwest Virginia Last Mile Fiber Expansion Project	\$23,114,440	<b>Table</b>
2378	Town of Glade Spring	Glade Spring Salt Trail Extension	\$297,432	<b>0</b>
2348	Hiltons Outdoor Park, Inc.	Hiltons Outdoor Park Improvements	\$119,450	<b>0</b>
2383	Konnarock Retreat House	Konnarock Retreat House Rehabilitation and Reuse	\$624,965	<b>Table</b>
2376	Town of Nickelsville	Nickelsville Community Multi-Use Medical Facility Phase II	\$430,000	<b>Table</b>
2435	Russell County IDA	Invesys	\$1,000,000	<b>\$1,000,000</b>
2424	Scott County	Keith Memorial Park Lighting Project	\$189,000	<b>0</b>
2356	Scott County Economic Development Authority	Scott County Riverside Development Phase I & II	\$5,785,418	<b>\$220,000</b>

2440	Scott County Economic Development Authority	Buildout at Crooked Road Tech Center for Prospect	\$108,000	<b>\$108,000</b>
2355	Scott County Telephone Cooperative	Sandy Ridge Regional Tobacco Commission FTTP Project	\$1,786,750	<b>table</b>
2375	Settlers Museum Foundation	Settlers Museum of Southwest Virginia Enhancement Project -- Phase II	\$70,000	<b>\$70,000</b>
2418	Smyth County Industrial Development	Expand & Advance PDP	\$207,000	<b>\$207,000</b>
2362	Southwest Virginia 4-H Educational Center, Inc.	New Lodging and Conferencing facility	\$300,000	<b>0</b>
2364	University of Virginia	Southwest Telehealth	\$882,344	<b>Table</b>
2360	Virginia Coalfield Coalition	Installation of Fiber-Optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless Providers in Southwest Virginia	\$2,500,000	<b>\$2,500,000</b>
2351	Washington County Fairground Inc	Washington County Fairground Road Project	\$147,500	<b>Refer to Agribusiness</b>
2373	Washington County ReSale Store, Inc.	The Community Store	\$108,810	<b>0</b>
2390	Whites Mill Foundation	"Restore/Reconstruct Water Wheel Mechanisms, Flume, Mill Raceway, Hurst Frame, and Dam to Allow Water to Mill Wheel to Demonstrate Milling of Corn Products	\$43,350	<b>\$43,350</b>
2421	Wise County Board of Supervisors	Wise Fairgrounds Improvement Project	\$100,000	<b>0</b>
2403	Wise County IDA	Wise Inn Restoration & Redevelopment	\$1,250,000	<b>\$1,250,000</b>

**total (23 requests)**

**\$44,096,669**

**\$5,398,350**

**Balance available before/after recommendations**

**\$9,853,064**

**\$4,454,714**

## **Town of Abingdon**

### ***Implementation of Abingdon Artisan Center - #2419***

**\$832,210.00 requested**

**Project Description provided by applicant:** The Town of Abingdon, VA, in coordination with both the stated purpose of the Southwest Virginia Cultural Heritage Commission: "to encourage the economic development of Southwest Virginia through the expansion of cultural heritage ventures and initiatives related to tourism and other asset-based enterprises" and the mission statement of the Tobacco Indemnification and Community Revitalization Commission: "the promotion of economic growth and development in tobacco-dependent communities, using proceeds of the national tobacco settlement", herewith requests funding of \$832,210 from the Virginia Tobacco Indemnification and Community Revitalization Commission's Economic Development fund to help establish an artisan center in Abingdon, Washington County, VA. This requested funding includes a 50% match of \$375,000 for the Town of Abingdon's funding of \$750,000 to be expended for the acquisition of a suitable existing facility (buildings and land), plus \$457,210 as a 50% match of Abingdon's proposed net expenditure of \$914,420 to renovate the acquired facility in accordance with the June 2011 feasibility study prepared by the Community Planning Partners detailing the repurposing of the facility that shall be required in order to implement a functioning artisan center in the selected facility (see attachment at final page). The proposed artican center shall provide inexpensive gallery space to house and provide needed technical support for artisan studios and student classrooms. The proposed artisan center shall function as an arts small business incubator and apply to become a qualified member of the National Business Incubation Association (NBIA).

**Staff evaluation and recommendation:** The project is supported by a thorough analysis of the structures at this vacant industrial site (funded in part by a TICR Reserve grant of \$12,500) and how the redevelopment opportunities mesh with the planned artisan facilities. Outcomes are modest for a request of this amount and are based on an estimated 10,000 visitor increase in local tourism, a small number of jobs to operate the facility, and providing affordable space for artisans (the latter is not well-aligned with TICR priorities). Overall economic impact is not clearly defined and the proposed operating budget relies heavily on subsidies from gifts and grant sources that are not yet defined. The planning process suggested a nonprofit should be formed to operate the facility and that step has not yet occurred. The applicant has indicated that it will pursue the reapproval of ARC funds previously awarded for the now defunct William King Museum's campus expansion project for this purpose. Staff recommends that this project be tabled pending the ARC funding decision and progress on organizational and funding issues. **Staff recommends proposal be tabled.**

## **Birthplace of Country Music Alliance**

### ***Final Funding for Completion of Birthplace of Country Music Cultural Heritage Center - #2412***

**\$2,200,000.00 requested**

**Project Description provided by applicant:** The Birthplace of Country Music Alliance requests \$2.2 million for final funding of its Cultural Heritage Center project. This funding will allow BCMA to complete construction and open the facility. The organization stands ready to complete interior construction, hire staff, finalize and construct exhibits, and open to the public. At present, we have completed the exterior renovations to the building and utilities, and plans are in hand to complete

the project. By matching the New Market Tax Credits of \$2.2 million, this support from the Commission will unlock the entire \$10.8 million to begin our final phase of construction in early 2012 and will enable us to open the doors to the CHC.

This Center will serve as a major tourist destination for the region, drawing at least 75,000 visitors per year and, according to an economic impact study produced by the University of Virginia's Weldon Cooper Center, over a five year period, the new facility will, at a minimum, have an economic impact of over \$43,232,806 to the region and generate \$1,041,253 in direct tax revenue that will flow into local and state coffers. When the project is complete, the facility should enable the organization to sustain itself over the long-run. Once operational, the organization will be able to access diverse streams of revenue as income would come from many sources including admissions, gift shop sales, events, programming, lectures, classes, space rental, and corporate support, helping the organization become financially stable and self-sufficient.

**Staff evaluation and recommendation:** The Commission has already committed \$2.4 million to this project, and much progress has been made in securing other funding sources for this \$10.9 million project since the largest of those TICR grants, a \$1.7 million Special Projects construction grant, was awarded in July 2009. Supplemental information from the applicant indicates several funding opportunities remain open, including naming opportunities, an Appalachian Regional Commission proposal to be submitted this month, and a private capital campaign that is underway ("Friends of 1927"). Consequently it is difficult to assess at this time the necessary amount to help move this project into the construction phase. **Staff recommends proposal be tabled.**

## **Bland County Public Service Authority**

### ***Bland Wastewater Project - #2371***

**\$2,000,000.00 requested**

**Project Description provided by applicant:** The project will provide wastewater collection and treatment to the area in and around the community of Bland. This area includes several existing businesses and potential business areas including the property around Exit 52 of Interstate 77. The project has been split into three phases for construction to both allow Bland County to have manageable sized projects and to maximize the funding potential of each Phase. Phase I will extend wastewater service primarily to the existing businesses in the service area as well as the attractive business potential areas that are currently limited by the lack of adequate wastewater service. There has been several recent interests in this land from businesses that associate themselves with Interstate traffic commerce. These opportunities will pay dividends to Bland County as both a tax base and through the jobs that will be created as additional businesses are added here.

**Staff evaluation and recommendation:** The request for funding assistance appears to supplant federal loan and grant sources that have been secured for this phase. Using TICR funds to serve Interstate-oriented commercial/retail is not a funding priority, but this phase does include a length of sewer line to connect to the industrial park where ABB and other employers are located and provide employment for more than 385 workers. A TICR grant to serve major industrial employers and thereby reduce debt service for the locality is not unprecedented. Staff has requested information on the cost of that line extension from beyond the local school property to the industrial park. Without yet having that cost figure in hand staff is unable to suggest an appropriate funding level, if any. **Staff recommends no award.**

## **Bristol Virginia Utilities Authority**

### ***BVU Southwest Virginia Last Mile Fiber Expansion Project - #2391***

**\$23,114,440.00 requested**

**Project Description provided by applicant:** The grant is being requested by BVU to construct fiber to the premise ("FTTP") and fixed wireless broadband infrastructure from its existing middle mile infrastructure network throughout southwest Virginia. BVU proposes to add 2,910 customers to its high speed fiber optic network over a one year Virginia Tobacco Commission ("VTC") funding period. BVU has developed a 10-year plan for this project and respectfully requests the VTC to continue the long-standing successful partnership to continue the deployment of broadband to southwest Virginia. The 10-year plan proposes to provide FTTP and fixed wireless broadband service to approximately 30,000 unserved or underserved homes and businesses. The plan will provide FTTP and fixed wireless broadband service in the following southwest Virginia counties: Bland, Buchanan, Dickenson, Russell, Smyth, Russell, Washington and Wythe, and potentially Wise County, Virginia

**Staff evaluation and recommendation:** This request far exceeds the budgeted funding capacity of the Southwest Committee, and BVU has stated it is open to alternative funding mechanisms such as establishing a \$23 million bank line of credit with TICR agreeing to pay annual principal and interest payments. It would fund 25% of a ten year plan to connect 29,506 customers in an eight-county area at an overall cost of \$783 TICR dollars per customer, matched with \$68 million of BVU funds that would primarily be invested in the latter years as operating revenues grow (as BVU adds customers over the ten year period it would reinvest operating revenues and reduce the percentage of TICR funds used each year). The first year of the plan involves \$5 million of TICR funds matched by \$2.7 from BVU to connect 2,950 customers (nearly \$1,700 of TICR funds for equipment, personnel and plant per customer). Twenty percent of customers are assumed to be businesses. BVU has received more than \$28 million in TICR grants to date, not including grants to the Cumberland Plateau network operated by BVU, and currently serves 11,000 customers. The most recent grant of \$5.6 million from the TICR Reserve fund matched a \$22 million NTIA middle mile grant that is 16% complete and scheduled for completion in July 2013. That middle mile network would serve as the backbone to establish the proposed last mile connections. In view of the appetite for fiber projects in this cycle alone (three proposals seeking more than \$27 million) staff proposes this request be tabled for a Committee discussion (in Executive and/or Southwest) of funding priorities and strategies for last mile broadband grants. **Staff defers to the Committee for discussion of alternative funding mechanisms such as the one suggested by BVU, but recommends the proposal be tabled.**

## **Town of Glade Spring**

### ***Glade Spring Salt Trail Extension - #2378***

**\$297,432.00 requested**

**Project Description provided by applicant:** The final outcome of this project, the Glade Spring Virginia Salt Trail Extension, will link the the Virginia Salt Trail from its current southern terminus in Washington County, Virginia to the Glade Spring Town Square. The trail will link and be primarily located in the Towns of Glade Spring and Saltville, this trail will be an asset to other surrounding communities, including the Towns of Abingdon and Marion and Smyth and Washington Counties, areas with a long past with tobacco production. This trail will serve hikers and bikers, local residents , and visitors to the Mount Rogers National Recreation Area.

Furthermore, the hiking and biking trail will be vital to the economic expansion and sustainability of the Towns of Glade Spring and Saltville, as it will provide an essential stopping point for visitors.

**Staff evaluation and recommendation:** This project is well-engineered and includes reasonably reliable budget figures. TICR funds are requested to construct approximately 9,150 feet of trail along local roads and rail lines, connecting to the existing trail that extends to Saltville. However, the overall trail is a relatively small local trail that is not connected to a larger regional trail network, and data is not available for either current use (local residents vs. tourist visitors) or for estimated use of the overall completed trail. Ultimately this appears to be primarily a local recreational amenity that does not align with TICR priorities, and the Committee must consider the "opportunity cost" of using nearly \$300,000 for less than two miles of local trail versus other proposals that involve greater prospects for job creation and private capital investment. **Staff recommends no award.**

### **Hiltons Outdoor Park, Inc.**

#### ***Hiltons Outdoor Park Improvements - #2348***

**\$119,450.00 requested**

**Project Description provided by applicant:** This project started in the early 1970's with a Johnny Cash show at Gate City High School that made \$6,000 profit. A 34-acre tract of land has been purchased along Route 58 for the park in the 1980s. One 30 x 40 shell building has been installed on the property and plans have been completed to make this a community facility that will be utilized by the public. The land does have public water and a septic system. The land is owned by the 501(c)3 non-profit organization. A copy of the plat of land is attached to this application that identifies the build out and the priorities of the organization. The Tobacco Commission funds would be utilized for the capital improvement objectives that have been identified.

**Staff evaluation and recommendation:** This proposal was declined in the FY09 Southwest Economic Development cycle and returns in FY12 in essentially the same form. All requested activities involve local recreational and social uses, including a children's playground, walking trail and a 1,440 square foot park structure that appears to be intended as a picnic pavilion with restrooms and concessions. The majority of matching funds were used in the 1980s to purchase the site. There appears to be no direct job creation, private capital investment or tourism outcomes that would align with TICR priorities. **Staff recommends no award.**

### **Konnarock Retreat House**

#### ***Konnarock Retreat House Rehabilitation and Reuse - #2383***

**\$624,965.00 requested**

**Project Description provided by applicant:** Konnarock Retreat House (KRH), a 501(c)3 Virginia corporation, seeks Commission funding for adaptive reuse of the former Konnarock Training School, listed on the National Register of Historic Places, the Virginia Historical Register, and the Preservation Virginia Most Endangered Sites. The design plan calls for renovation that will bring the building to current code while keeping its historic character. The restoration of this significant historical site will add to economic growth in the region. The design plan calls for reconfiguring the 17,240 sq. ft. structure for a variety of uses that will appeal to many patrons. Several jobs, including that of an executive director, will be created by the project. KRH has no debt against the property

and invests all funding into implementing the adaptive reuse plan. Recommended stabilization and security work has been completed. A previous grant from the Commission has enabled the exterior restoration. Private funding and volunteer labor have provided additional restoration and renovation. Matching funds from the Commission and the Appalachian Regional Commission are being used to complete a master business plan that will include a market assessment, funding plan, landscape and sewer design, and an operations plan, placing KRH in a better position to seek additional funding. This grant request seeks funds that will (1.) allow KRH to continue immediate site development and restoration of the first floor and (2.) to meet ARC funding match requirements on a grant request being submitted for FY2012.

**Staff evaluation and recommendation:** Commission funds have previously supported this project through a 2009 award (\$180,170) for work to the exterior of the property and through a 2011 Reserve award (\$20,000) to match an ARC award for additional planning (those plans will be completed in January 2012). The applicant intends to apply this fall for ARC funds to complete the project, and requests that \$190,000 of this request be approved for immediate use with the balance (\$435,000) approved as the required match to their ARC proposal. The applicant's volunteers have done an exemplary job stretching the previous TICR grant dollars by using donated labor wherever possible. However, the Committee must ultimately consider what is an appropriate overall amount to invest in this project that has relatively modest tourism outcomes. Staff recommends this proposal be tabled pending completion of feasibility/operational planning and ARC's funding decision this coming winter. **Staff recommends proposal be tabled.**

## **Town of Nickelsville**

### ***Nickelsville Community Multi-Use Medical Facility Phase II - #2376***

**\$430,000.00 requested**

**Project Description provided by applicant:** The Nickelsville Community Multi-Purpose Medical Facility will provide a number of much needed medical services that are presently unavailable to the people in our area - and do so in a convenient and affordable fashion. These services will significantly improve the quality of life of the people in our entire region. Nickelsville has a Primary Care Physician, but is without a Pharmacy, a Dentist, Physical or Occupational Therapy, Mental Health Counseling, Health Education Opportunities, or a Wellness Center. Accessing any of these services requires residents to travel from 26 to 50 miles over winding country roads. According to Dr. DeMotts (our Primary Care Physician), cost and these extreme distances represent barriers many of his patients can't overcome as they seek the medication or care he has prescribed and that they often desperately need. According to the 295 total Demand Surveys, completed as part of the CDBG application process, 89% of respondents said they would utilize these programs and services if they were available in our area. When completed, the Project will address the community's number one priority and result in the development of a Multi-Purpose Medical Facility (including Pharmacy, Dentistry, Physical Therapy, Occupational Therapy, Mental Health Counseling, Health Education Programs, and a Wellness Center) that provides much needed medical services that are both convenient and affordable, to the people of Nickelsville and the surrounding area.

**Staff evaluation and recommendation:** The Southwest Committee has previously supported this project with two grants to date totaling \$270,000 (the full balance of a \$250,000 grant for acquisition and upfit of the site has not yet been used). DHCD has subsequently approved a \$700,000 CDBG grant for the project. The recently-issued JLARC report encourages the Commission to expand

healthcare investments but was not specific in how funds should be targeted (including any role in funding community clinics such as this). As a result, the TICR subcommittee that met in August to move JLARC recommendations to the full Commission suggested that TICR's healthcare role should be discussed and specified through a strategic planning process to be conducted in the next several months. Pending the Commission's completion of that strategic planning process and any adoption of funding priorities and programs regarding healthcare, staff suggests that this proposal be tabled for future consideration. **Staff recommends that this proposal be tabled pending the Commission's discussion of its Strategic Plan concerning its role in healthcare projects.**

## **Russell County Industrial Development Authority**

### ***Invesys - #2435***

**\$1,000,000.00 requested**

**Project Description provided by applicant:** Your funds will be used in site preparation for an approximately a ten (10) Acre site in Cumberland Plateau Regional Industrial Park. We have proposed to build-to-suit a 90,000 sq. ft. manufacturing building with a 5,000 sq. ft. office area for project Invesys offering both a 10 yr. & 15 yr. tripple net lease. The initial employment is expected to be 125.

**Staff evaluation and recommendation:** This proposal was late-filed on August 15th to assist with an active VEDP economic development prospect - a company which is currently operating in another state. TICR funds would be combined with VACEDA funds (\$1.4 million) for site preparation costs totaling up to \$2.5 million. A \$3-5 million private capital investment is anticipated, but sources of funds to construct an IDA-owned building to be leased to the company are not discussed in the grant proposal (presumably it would be financed from lease revenues). VEDP project leaders report that in late-August the company placed this project on hold for 12 months. The IDA wishes to pursue development of this site for this or other future prospects, which is consistent with numerous previous TICR grants to provide graded shovel-ready sites. **Staff recommends award of \$1,000,000 contingent on the proposed amount of matching funds to complete this phase of grading.**

## **Scott, County of Scott**

### ***Keith Memorial Park Lighting Project - #2424***

**\$189,000.00 requested**

**Project Description provided by applicant:** The proposed project will install lighting at the Keith Memorial Park in the Town of Nickelsville. This park is owned by Scott County and is maintained by the senior citizens in the community at no cost to Scott County. The park is used for a number of events including high school baseball, little league baseball, community musical events and other various events sponsored by local civic groups. The project will consist of installing a total of nine poles complete with all the lighting and accessories needed to light the sports complex at Keith Memorial Park. Lighting Keith Memorial Park would both directly and indirectly serve as a positive means to boost the economic threshold in the Town of Nickelsville. By allowing for a cycle of continuous interaction between the members of the community and youth and providing an opportunity to reflect upon character development, the Nickelsville community stands to benefit

greatly from the addition of lighting to the park. NOTE: We have approached the Crooked Road regarding becoming an affiliate venue on the music trail. An application has been made to the Crooked Road and a decision is pending once their review committee meets again. Our preliminary discussions with key Crooked Road board members indicate that the application stands a favorable chance of being approved. By adding "Crooked Road" to the marketing marketing materials associated with the park, attendance is expected to grow significantly.

**Staff evaluation and recommendation:** This proposal was declined in the FY11 Southwest Economic Development cycle, and returns with additional outcomes based on attendance at music events in the Park. The applicant-generated economic impact figures estimate an additional 8-12,000 visitors annually from youth and high baseball tournaments and music events. The outcomes also estimate a 50% increase in Town tax revenues as a result of the project, primarily from sales at local retailers, although independent verification is not provided. The outcome figures appear to be inflated, and there are no direct new jobs or private capital investment as a result of the project. It can be reasonably expected that a positive funding recommendation would result in multiple future request for improvements to local recreational facilities. **Staff recommends no award.**

**Scott County Economic Development Authority**  
***Scott County Riverside Development Phase I & II - #2356***  
**\$5,785,418.00 requested**

**Project Description provided by applicant:** This project will result in the development of Phase I and Phase II of the Riverside Development by the Scott County EDA. The Riverside Development (Bray Property) is located adjacent to the Town of Weber City Town Limits at the US Highway 23 crossing of the Holston River. This 90+ acre parcel of land has been in private ownership until it was offered to the EDA recently for a purchase price of \$2 million. Given the economic development potential of this highly visible location, the EDA/County purchased the property in early 2011. The ability of the County to secure grant funding to develop this site will make it much more marketable to any potential prospects who may be interested.

**Staff evaluation and recommendation:** The property sketches included in the application show two pads of 1- and 8-acres fronting Rt 23 that may be candidates for retail development, but later phases in the property's interior appear better suited for technology or industrial uses. At this time basic engineering of this property appears to be the primary need to assess development opportunities (\$243,443 shown in project budget as "basic engineering - design for all phases"). **Staff recommends award of \$220,000 for 90% of basic engineering for all phases.**

**Scott County Economic Development Authority**  
***Buildout at Crooked Road Tech Center for Prospect - #2440***  
**\$108,000.00 requested**

**Project Description provided by applicant:** Funding will be used to build-out approx. 2,000 sq. ft. of space in the Crooked Road Tech Center for a technology-based company that is currently leasing a small area but has expressed a need to expand. This will provide an additional total

investment by the company within three years in the facility of approximately \$1 million and 20 new jobs.

**Staff evaluation and recommendation:** The proposal was late-filed on September 1st to assist a proposed business expansion. Total project cost is unclear given the conflicting numbers in the proposal (\$120,000 vs. \$132,000) but the cost per square foot of \$60-66 appears realistic for improvements to the unfinished shell space to accommodate an expanding tenant that promises new high-tech jobs. Staff has requested the terms of the proposed lease to assess the cash flow and possible debt financing, but as this proposal entails improvements to a publicly-owned building in exchange for the creation of new high-tech jobs staff suggests a performance agreement is not necessary. **Staff recommends award of \$108,000.**

### **Scott County Telephone Cooperative**

#### ***Sandy Ridge Regional Tobacco Commission FTTP Project - #2355***

**\$1,786,750.00 requested**

**Project Description provided by applicant:** Scott County Telephone Cooperative (SCTC) is proposing to build a FTTP Project in the Sandy Ridge Community located on the Wise County/Dickenson County Line. The total project cost is \$3,736,670.00. SCTC has been awarded a Technical Assistance Grant from the Rural Utilities Service (RUS) in the amount of \$199,920.00 to begin engineering the project, which is included in the total cost of this project. SCTC has applied for a Community Connect Grant in the amount of \$1,500,000.00, which will build the Dickenson County side of this project. RUS has completed a field review of the Community Connect grant application to determine the availability of Broadband Service. RUS's determination was that there was no broadband availability in the proposed service area. SCTC will pay \$250,000.00 from cash on-hand. SCTC is applying for \$1,786,750.00 from the Virginia Tobacco Commission to complete this project on the Wise County side of this community. The matching funds amount to 52% (\$1,949,920.00) of the project cost. The Tobacco Commission funds requested (\$1,786,750.00) will make up 48% of the project cost. (Additional Project Description is included in Uploads)

**Staff evaluation and recommendation:** Of the 730+ potential customer premises in the total project area, 425 are in the Wise County section to be funded by TIGR. The projected per premise cost is more than \$4,200 to serve the customers who are expected to sign on with SCTC, making this appear to be a candidate for a wireless solution. In view of the appetite for fiber projects in this cycle alone (three proposals seeking more than \$27 million) staff proposes this request be tabled for a Committee discussion (in Executive and/or Southwest) of funding priorities and strategies for last mile broadband grants. **Staff recommends project be tabled.**

### **Settlers Museum Foundation**

#### ***Settlers Museum of Southwest Virginia Enhancement Project -- Phase II - #2375***

**\$70,000.00 requested**

**Project Description provided by applicant:** The Settlers Museum of Southwest Virginia is a unique, open-air museum located on 67 acres of U.S. Forest Service (USFS) land approximately two

miles from I-81 exit 54 in Smyth County. The Settlers Museum was founded in 1987 and is a nonprofit, donor-supported institution. The Settlers Museum Foundation secured a long-term lease to operate on USFS property. Phase I of the Enhancement Project consisted of hiring a consultant to develop a Master Plan that includes a physical assessment of the historical farm structures and a prioritized list of projects. Phase II of the Enhancement Project will focus on the most immediate need of the Settlers Museum, the maintenance and stabilization of the eleven historic farm structures. The structures at the Museum are over 110 years old, have never been relocated, and represent a typical Southwest Virginia farm during the 1890s. These structures must be stabilized to prevent major structural failures that may occur due to the age of the buildings. If a primary part of any of the buildings were to collapse, the majority of the building will need to be significantly reconstructed or demolished in whole. Without these structures, the Settlers Museum of Southwest Virginia, a key heritage tourism attraction in the region, would cease to exist. The Settlers Museum operates on a very limited budget of approximately \$25,000 annually. The majority of this revenue comes from donations and membership fees. The Settlers Museum Foundation does not have the funding required to stabilize the historic farm structures without grant assistance.

**Staff evaluation and recommendation:** Due to the nature of the project (stabilization of existing historic structures) only modest increases in visitors and visitor spending are projected. However the Museum is a significant destination venue in the heritage tourism economy of Smyth County and Southwest Virginia. Previous support for this project was provided through a \$17,500 Reserve Fund award to assist with 50% of the cost of the Master Plan. This request is comparable to the Commission's 2004 grant to White's Mill for stabilization that is referenced in proposal # 2390. This phase will almost surely lead to future request(s) to enhance the site, as described in the Museum's new master plan, which represent opportunities to add measurably to the current 1,300 annual visitors. The proposed US Forest Service matching funds could alternatively be provided through a potential request to the Appalachian Regional Commission. **Staff recommends an award of \$70,000 contingent on a 1:1 match provided by the pending USDA Forest Service award or other source(s).**

## **Smyth County Industrial Development**

### ***Expand & Advance PDP - #2418***

**\$207,000.00 requested**

**Project Description provided by applicant:** Power Distribution Products (PDP) in Chilhowie Virginia is a new company that has been growing exponentially since its inception. At present there are 35 employees working to meet contract agreements with clients. The potential for generating more contracts and more jobs for local citizens is high; however facility expansion, equipment updates and efficiency adjustments to practice and procedure are needed. The Smyth County Industrial Development Authority is requesting funds to support PDP's facility expansion, modifications to transformer designs and for purchasing equipment. Receiving assistance to implement "Project Expand Advance" would create a need for PDP to hire approximately 20-30 new employees to execute the plan, at wages ranging from \$9-15/hour.

#### **Project Details:**

Facility expansion of Transformer Section of plant

50% expansion of building space

TOTAL COST: \$100,000.00

Fabrication of Sand Blast Building and purchase equipment  
30'X20' modular building with sealed area to house sand blaster  
Purchase-compressed air tank  
TOTAL COST: \$100,000.00

Hiring Transformer Cost Reduction Consultant - Specialist to review and make design modifications to present transformer, ultimately yielding significant reductions in costs for services to clients making PDP more competitive in the market place.

TOTAL COST: \$30,000.00  
TOTAL PROJECT COST \$230,000.00

Timeline - All elements of the project are to be completed within 12months from start date.  
Projected start date: September 1,2011 ending approximately September 2012.

**Staff evaluation and recommendation:** This proposal from the IDA to assist an existing company that serves the mining industry involves the retention of 35 current jobs and a proposed addition of 20-30 new jobs at wages ranging from \$9 to \$15 per hour. The project does not involve sufficient private capital investment to be TROF-eligible. However the company and IDA have expressed willingness to execute a performance agreement to confirm job creation and protect the ownership of Commission-funded assets (building expansion and equipment). **Staff recommends award of \$207,000 contingent on an executed performance agreement to ensure job creation and protect public interest in TICR-funded assets.**

**Southwest Virginia 4-H Educational Center, Inc.**  
***New Lodging and Conferencing facility - #2362***  
**\$300,000.00 requested**

**Project Description provided by applicant:** The Southwest Virginia 4-H Educational & Conferencing Center is going to expand its capabilities to accommodate more tourist and visitors to Southwest Virginia. The Center will build new lodging and meeting space to meet this growing need. The 4-H Center attracts tourists from all over the United States and Canada, as well as working with local/regional groups within Virginia. On average, the Center currently turns away one to two groups a month due to lack of space. The Center has raised \$300,000 toward this project through local private and government funds. The Center is looking for a match of \$300,000 from the Commission for this project. the remaining balance of \$150,000 will be solicited from private donors and loans from the Southwest Virginia Agricultural Association.

**Staff evaluation and recommendation:** Although this request is well-matched with other funds, the Commission's Low Priorities specifically include 4-H centers. The proposal requests funds to build a "Boy's Lodge" with four dormitory-style "bunkrooms" to accommodate an additional 600 overnight visitors to the Center annually. Two full-time employees would be added and annual Center revenues are estimated to increase by \$50-75,000. The proposal states this facility will enable greater use for conferences, primarily for its youth and Elderhostel clientele. Lodging is apparently very limited at the Center but three of its current facilities can each accommodate meetings of up to 150-200 people. It should be noted that the nearby Southwest VA Higher Education Center includes a state of the art conference center with multiple adjacent hotels that arguably present a stronger

meeting/lodging package for professional meetings and conferences. **Based on the Commission's adopted Low Priorities, Staff recommends no award.**

**University of Virginia**  
***Southwest Telehealth - #2364***  
**\$882,344.00 requested**

**Project Description provided by applicant:** Over the past 16 years, the University of Virginia Health System has led the delivery of telehealth services to improve rural patient access to specialty care in the Commonwealth. More recently, broadband connectivity in Southwest has improved following the receipt of infrastructure awards from federal agencies and the TICRC. With our subcontractor, Broad Axe Technology Partners, we have identified a significant opportunity to leverage this broadband investment, increase telehealth utilization, and create a new healthcare IT economic sector in the Southwest region by:

- establishing a new Patient Monitoring and Care Coordination Center (PMC3) to remotely (home) monitor and coordinate care for patients with chronic illness, and thereby reduce hospital readmissions;
- upgrading end-of-life telemedicine technology infrastructure to improve the ability of Southwest federally-qualified health centers to deliver telehealth services and leverage the PMC3; and
- training physicians, nurse practitioners, and other health professionals in the use of innovative telehealth technologies, applications and services.

Funds requested from the TICRC (total request of \$882,344) will be used for:

- Capital equipment purchases (hardware, software, video teleconferencing stations) to stand-up the PMC3 and refurbish Southwest rural health center telemedicine technology: \$528,178
- Non-recurring contractual services (technical and clinical design and integration, legal and regulatory; training curriculum development): \$253,024
- Personal services (telemedicine training coordination and instruction): \$101,142

The PMC3 will create 5 new jobs upon project completion (1 nurse supervisor and 4 health coaches), significantly reduce hospital readmissions for chronic-care patients, and develop contractual relationships for telehealth services with payers and other health systems, attracting new capital investment to the PMC3 and Southwest region.

**Staff evaluation and recommendation:** This proposal replaces a 2007 Technology grant of \$750,000 to UVA that was to accomplish similar activities and match a large FCC grant application (the 2007 grant will be closed, with no activity to date). Delays accessing the FCC funds have caused UVA to request these stand-alone activities that will replace outdated equipment, expand telemedicine capacity and establish a remote patient monitoring center at a location to be determined in Southwest VA. Project leaders report that less than 10% of the TICR funds would be used in Charlottesville to connect UVA service providers to tobacco region healthcare facilities. The recently-issued JLARC report encourages the Commission to expand healthcare investments but was not specific in how funds should be targeted. As a result, the TICR subcommittee that met in August to move JLARC recommendations to the full Commission suggested that TICR's healthcare role should be discussed and specified through a strategic planning process to be conducted in the next several months. Pending the Commission's completion of that strategic planning process and

any adoption of funding priorities and programs regarding healthcare, staff suggests that this otherwise meritorious regional proposal be tabled for future consideration. **Staff recommends proposal be tabled pending the Commission's discussion of its Strategic Plan concerning its role in healthcare projects.**

## **Virginia Coalfield Coalition**

### ***Installation of Fiber-Optic Infrastructure, Electronics, Towers and Data Backhaul Capacity for Project with Wireless Providers in Southwest Virginia - #2360***

**\$2,500,000.00 requested**

**Project Description provided by applicant:** In September 2010, the Virginia Coalfield Coalition applied for a \$2.5 million grant to be spent in 2011 as part of a multi-year \$7.5 million project to deploy a 4G wireless network in seven counties in the Southwest region. As noted in the initial grant application 2115, a 4G network will dramatically expand the reach of broadband in the region and improve existing communications capabilities. The network is being deployed in collaboration with a wireless operator who is committing to upgrade their radio transceivers to the state of the art 4G Long Term Evolution mobile communication standard, if the VCC provides the fiber backhaul to the existing towers and new Build-To-Suit (BTS) towers. The project is being completed in 3 phases.

- \*Phase 1, 2011 \$2.5 M (approved October 28, 2010)

- \*Phase 2, 2012 \$2.5 M

- \*Phase 3, 2013 \$2.5 M

There are three principal activities to be undertaken in the overall project. Each activity spans multiple years in the project phasing:

- \*Upgrade 27 existing towers with fiber optic backhaul capability

- \*Build 11 new build-to-suit towers in specified locations

- \*Build 6 new build-to-suit towers in yet to be specified locations

The completion of the initial 38 defined towers will complete the wireless operators initial "search ring" and satisfy the contractual requirements of the wireless operator. The balance of the 6 build-to-suit towers will be located after the network is turned up and wave propagation studies determine where the six towers need to be located to enhance/complete the search ring.

**Staff evaluation and recommendation:** This multi-phase project was awarded Phase 1 funds in FY11 as the first of three anticipated requests for \$2.5 million annually, and the Southwest Economic Development budget was crafted this year in anticipation of this proposal so that the Coalition can fulfill its obligation to the wireless operator to provide the full three-phase network. The wireless operator desired to have 27 sites turned up by October 1, 2011, and engineering is well-underway but implementation is delayed by negotiations for use of the Lenowisco fiber network (a proposal is being developed to transfer ownership and operations of that network to Powell Valley Electric Cooperative). Assuming there will be positive resolution of the Lenowisco issue (a mediated solution has been agreed to by all parties), and in order to expedite this multi-year commitment to a regional demonstration of 4G technology **Staff recommends award of \$2,500,000.**

**Washington County Fairground, Inc.**

***Washington County Fairground Road Project - #2351***

**\$147,500.00 requested**

**Project Description provided by applicant:** Commission funds will be used to complete an entry/exit road to the Washington County Fair ground.

**Staff evaluation and recommendation:** This road project was initially funded with a \$95,000 grant from the Southwest Committee in April 2006. That grant has not yet been used and has been extended twice by the Committee. It also represents the entire matching source for the project, meaning that this proposal does not meet Commission guidelines for having at least 10% of project costs from other sources. The road is intended to relieve congestion at livestock events and other farm-related activities at the Fairgrounds, which better aligns with Agribusiness program outcomes. Supplemental information received September 9th indicates the total project cost is estimated to be closer to \$284,000 and matching funds may be available from the County. Staff proposes the project be referred to the Agribusiness Committee for an assessment of agricultural outcomes to be assisted by the road project, and to provide the applicant time to confirm an adequate level of matching funds to complete the project. **Staff recommends project be referred to Agribusiness Committee for consideration when adequate matching funds can be committed to the project.**

**Washington County ReSale Store, Inc.**

***The Community Store - #2373***

**\$108,810.00 requested**

**Project Description provided by applicant:** The trade name of the organization is 'The Community Store'. The store is a unique nonprofit organization being developed to operate a large resale store in Washington County. Store operating profits will be shared with participating nonprofit organizations based on volunteer hours contributed to store operations. Interest in participation has been expressed by United Way of Russell and Washington Counties, Ecumenical Faith-In-Action, Virginia Highlands Community College Educational Foundation, and others.

In the proposed large-scale store, and based on the success of other large-scale stores across the country, volunteer hours may produce \$20 per hour in distribution---The profits of the store go to support and sustain the operations of the participating nonprofit organizations, a source of funds otherwise unattainable for these community organizations. The Community Store will provide a source of low-priced and used merchandise for local contractors and area residents, and will use profits to provide a continuing source of revenue to participating non-profit organizations. Tobacco Commission funds will be used to leverage the required start-up funding to begin The Community Store operations, and specifically be used for capital equipment acquisitions and sixty-days of payroll costs.

**Staff evaluation and recommendation:** The Southwest Committee previously funded a \$50,000 grant in FY06 to equip a similar store run by Habitat for Humanity in Glade Spring. The same project leader led that effort, and now returns with a new organization to create a similar retail operation at a site to be leased between Bristol and Abingdon on Route 11. Five to six new jobs would be created, although the Store would also rely heavily on volunteers. The proposal states job-

skills training would also occur there, but no specifics are provided regarding curriculum or training partners. While the objective to sell used household items and share the proceeds with area nonprofits has unquestionable merit, the "recycling" of retail goods does not appreciably grow the regional economy, and arguably competes with other area for-profit and non-profit retailers (including Goodwill and Salvation Army) for consumer sales. Furthermore, retail development is specifically included in the Commission's Low Priorities. **Based on the Commission's adopted Low Priorities, Staff recommends no award.**

## **Whites Mill Foundation**

### ***"Restore/Reconstruct Water Wheel Mechanisms, Flume, Mill Raceway, Hurst Frame, and Dam to Allow Water to Mill Wheel to Demonstrate Milling of Corn Products - #2390***

**\$43,350.00 requested**

**Project Description provided by applicant:** The Mill and associated facilities can serve as a major regional tourism destination for the demonstration of 1700's-1800's era 'milling activity' for use by other public and private entities. Restoration/Reconstruction of the Water Wheel Mechanism, Hurst Frame, Flume, Mill Raceway, and Dam to allow the return of water to the Mill Wheel is strategic and significant as it adds the last remaining method milling at the mill using the millstones, dating to the early 1700's. Attached are the 'Rehabilitation and Site Development Master Plan' for White's Mill, developed by Hill Studio, P.C., Millwright Drawing of the Flume Reconstruction, and detailed cost estimates of the proposed project to make the Water Wheel and Millstones functional and operational.

Activities include:

Phase 2: a) Dam repair, b) Flume gating, c) Water Wheel re-positioning and leveling, d) Hurst Frame repair, e) Erection/repair of posts for countershaft, f) Replace bull gear and Re-position pinion gear shaft.

Phase 3: 1) Mount countershaft: a) Re-pour bearings if necessary, b) Install tensioners, c) Purchase and attach new belts;

- 2) Repair/replace trundle gear under large millstones;
- 3) Replace or tighten cogs on wooden cog gear if necessary;
- 4) Repair/reposition millstone crane;
- 5) Repair stone buhr mill: a) Dismantle, b) Repair/replace upper and lower bearings, c) Check shaft wear, and drive iron, rynd, damsel, d) Sharpen stones, e) Repair wooden parts, if necessary.
- 6) Repair elevator from stones: a) Rebuild boot and head where needed, b) Replace belt and cups if needed.
- 7) Incorporate/repair meal bolter with elevator.

**Staff evaluation and recommendation:** The Commission previously assisted White's Mill with a \$50,000 grant in 2004 to stabilize the mill building. This modest proposal is in contrast to much larger and comprehensive requests from the applicant in past years. This phase of renovations would repair the core function of the mill, which currently attracts a reported 15,000 visitors per year. Staff has visited the mill and reviewed guest logs that confirm an impressive array of visitors from several states beyond Virginia. The proposed 10% increase in visitation appears to be a reasonable

expectation and significant visitor impact in view of restoring the full function of a working grist mill and providing a source of operating revenues from the sale of products milled on site. The applicant has proposed a dollar-for-dollar match that may alternatively qualify for Appalachian Regional Commission funds. **Staff recommends award of \$43,350 contingent on dollar-for-dollar matching funds.**

## **Wise County Board of Supervisors**

### ***Wise Fairgrounds Improvement Project - #2421***

**\$100,000.00 requested**

**Project Description provided by applicant:** This project will result in upgrades to the stage and performance area at the Wise County Fairgrounds. A wide-ranging improvement project (\$850,000) is planned for the entire Fairgrounds area and this stage/performance area project is a portion of an overall project planned for the future pending funding availability. The venue is currently under review by the Crooked Road as a potential affiliate venue site which will help in attracting entertainers and visitors alike. The specifics of the project include general improvements and upgrades to the stage and performance area to better accommodate modern sound equipment, lighting equipment and computer equipment. The improvements will also allow for the audience at these events to have a more enjoyable overall experience.

#### **GENERAL HISTORY OF THE FAIR AND PERFORMANCES:**

Nestled in the very hills where mountain music and culture were born, each year the fun and excitement of the VA/KY District Fair continues in Wise County-featuring world class entertainment, traditional music, art and agricultural exhibits, beauty pageants and one of the most exciting horse shows of the region. A wide range of carnival rides will be available with nightly one-price ride specials. Kids Day also features one-price rides, free food, and prizes. The Virginia/Kentucky District Fair-a true celebration of mountain living!

The VA/KY District Fair began in 1913 and has occupied the current site since 1956 on land donated by Carl Fugate. In prior years, the Fair was held on the grounds of the Wise County Vocational School.

**Staff evaluation and recommendation:** The requested activities (stage improvements and related equipment) are not indicated in the overall \$851,670 master plan for improvements to the Fairgrounds entrance, exhibits, concessions etc. The County has applied as an affiliate site on the Crooked Road Music Trail and is presenting this proposal based on tourism-related outcomes from events and performances at the site. Those estimated outcomes are modest and an outcome-tracking methodology is not clearly-defined. As such this is not a candidate for referral to the Agribusiness program because the request does not involve agricultural outcomes. Ultimately this appears to be primarily a local entertainment venue that does not align with TICR priorities. **Staff recommends no award.**

## Wise County IDA

### *Wise Inn Restoration & Redevelopment - #2403*

**\$1,250,000.00 requested**

**Project Description provided by applicant:** The Applicant, the Wise County Industrial Development Authority, proposes to restore and redevelop the historic Wise Inn property, situated in the central business district of the Town of Wise. Once renovation and construction activities are complete, the Inn will serve as an upscale lodging, restaurant and meeting facility designed to support regional tourism, education and economic development efforts. VTICRC funds requested herein -- combined with local, state and federal dollars -- will be utilized toward renovation and construction costs. Additional information is included in the Additional Project Description attachment.

**Staff evaluation and recommendation:** The Commission has previously supported this project with two Southwest Economic Development grants in 2008-09 totaling \$350,000 to assist with exterior stabilization and repairs to the IDA-owned structure. This request represents last dollar funding for a project that has leveraged significant federal, state, local, and private funds since those previous TICR grant proposals. An operator that will make an equity investment in the project has also been secured through an RFP process. The requested funds close a gap to construct a modern lodging addition which is critical to the project's future revenue and ultimate success. The project presents an issue of funding a commercial operation that competes directly with existing private for-profit hoteliers in the region. The case for public benefit that justifies further TICR investment is validated through the re-use of a designated state and national historic landmark (with accompanying historic and New Market tax credits), new job creation (30-40), private capital investment (\$2 million), new public tax revenues, a coalition of public funders supporting the project, and the potential to use the facility as a training site for hospitality curriculum in conjunction with UVA-Wise. **Staff recommends award of \$1,250,000. ■**